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FOR NEA/I AND NEA/ELA

E.O. 12958: DECL: 08/28/2018
TAGS: [EAID](#) [PREL](#) [IZ](#) [JO](#)
SUBJECT: JORDAN AND IRAQ REVIEWING OPTIONS OTHER THAN PARIS
CLUB TERMS TO ADDRESS OUTSTANDING DEBT

REF: A. AMMAN 1789
[1](#)B. AMMAN 1393

Classified By: Ambassador R. Stephen Beecroft for reasons 1.4 (b) and (d).

[1](#)1. (C) In an August 8 meeting with Foreign Minister Salah Al-Bashir, Charge d'Affaires Rubinstein urged the GOJ to offer Paris Club debt relief terms to Iraq. Bashir responded that Jordan and Iraq had discussed the issue during a recent meeting, but because the debt is to the Central Bank of Jordan (CBJ), and not commercial debt, Jordan did not have the flexibility to offer relief on Paris Club terms.

[1](#)2. (C) Finance Minister Hamed Kasasbeh confirmed to Ambassador during an August 27 courtesy call that the debt was indeed owed to CBJ, thereby limiting the extent of possible relief. Note: Post understands that the debt accrued as the GOJ compensated local vendors for items shipped to Iraq under a government-to-government contract through which Iraq provided oil at extremely discounted rates in exchange for Jordanian goods. More goods were shipped than oil received. End note. Nevertheless, Kasasbeh reported that following Prime Minister Maliki's June visit, the two countries reached agreement on repayment of the debt (ref A). He added that an Iraqi technical team was currently in Jordan to determine the actual amount of the original debt - Jordan is willing to concede the interest - and to devise a mechanism for repayment. Iraqi Finance Minister Bayan Jabr is expected to visit Jordan the first week of September with a goal of concluding the agreement.

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Beecroft